

# SELF-INSURANCE WORKSHEET

(Cover Sheet)

Name of Company or Corporation: \_\_\_\_\_

Amount of self-insurance to be demonstrated: \_\_\_\_\_

Date of Reference Audited Financial Statements: \_\_\_\_\_

Please indicate which test you wish to apply: \_\_\_\_\_

\_\_\_ Test I

\_\_\_ Test II

Submittal Date:

## TEST I

Please complete the following if you indicated “Test I” or skip to Test II if you answered “Test II” to the preceding question.

### STEP A.

Calculation 1.

Ratio of Total Liabilities to Net Worth - enter the following from current audited financial statements: **(Please indicate in the financial statements where these figures are located, either by highlighting or placing a check mark.)**

$$\frac{\text{Total Liabilities}}{\text{Net Worth}} = \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$$

Is the above ratio less than 1.5?

Yes      ☐      No      ☐

If the above answer is “yes”, skip to **Step B.** on the next page, if the answer to the above is “no”, please complete Calculation 2 Below.

Calculation 2.

Ratio of cash flows to total liabilities - is the ratio of cash flow (1) Minus \$20 million to total liabilities greater than 0.1?

Yes      ☐      No      ☐

Please enter the following from current audited financial statements:

$$\frac{\text{Cash flow (1) - \$20,000,000}}{\text{Total Liabilities}} = \underline{\hspace{2cm}} = \underline{\hspace{2cm}}$$

If you answered “no” to both of the above questions, stop here and proceed to Test II; your company or corporation does not pass Test I.

(1) - Cash flow is defined as net income, after taking into consideration the effect of any extraordinary items, plus depreciation, depletion, and amortization. In the space below or on a separate page please show how you arrived at the amount used in the above calculation.

**TEST I**  
(Continued)

**STEP B.**

Is the tangible net worth of the corporation (worldwide owners equity minus intangible assets) equal to at least \$20 million plus two times the amount of self-insurance to be demonstrated?

Yes    ☐                      No    ☐

If the answer to the above question is no, stop here. Your corporation does not qualify for self-insurance.

Please show the calculation in the space below:

**(Please indicate in the financial statements where these figures are located, either by highlighting or placing a check mark.)**

Worldwide owners equity: \_\_\_\_\_

(Minus) intangible assets:    (-) \_\_\_\_\_

Tangible net worth :    = \_\_\_\_\_

2 x (amount of self-insurance) + \$20,000,000 = \_\_\_\_\_

2 x ( \_\_\_\_\_ ) + \$20,000,000 = \_\_\_\_\_

**STEP C.**

Are assets in the United States equal to at least 90 percent of total assets or 2 times the amount of self-insurance being demonstrated?

Yes    ☐                      No    ☐

Amount of total assets located in the United States (2):

\$ \_\_\_\_\_ (2)

- (2) Please submit a separate auditor's statement to support this number if consolidated financial statements have been used as evidence of the ability to self-insure.

## TEST II

**STEP A.**

Current Bond Rating:

(Please attach a copy of the/your most recent rating letter)

### STEP B.

Is the tangible net worth of the corporation (worldwide owners equity minus intangible assets) equal to at least \$20 million plus two times the amount of self-insurance to be demonstrated?

Yes [ ] No [ ]

If the answer to the above question is no, stop here. Your corporation does not qualify for self-insurance.

Show the calculation in the space below: **(Please indicate in the financial statements where these figures are located, either by highlighting or placing a check mark.)**

Worldwide owners equity: \_\_\_\_\_

(Minus) intangible assets: (-) \_\_\_\_\_

=Tangible net worth : =

2 x (Amount of self-insurance) + \$20,000,000 = \_\_\_\_\_

$$2 \times (\underline{\hspace{2cm}}) + \$20,000,000 = \underline{\hspace{2cm}}$$

### STEP C.

Are assets in the United States equal to at least 90 percent of total assets or 2 times the amount of self-insurance being demonstrated?

Yes [ ] No [ ]

Amount of total assets located in the United States (2):

$$\$ \quad (2)$$

(2) Please submit a separate auditor's statement to support this number if consolidated financial statements have been used as evidence of the ability to self-insure.

Sample of language which would be acceptable for financial officer's letter supporting the demonstration of self-insurance.

#### LETTERHEAD

Mr. Stephen Edinger  
Administrator  
Office of Spill Prevention  
and Response  
Department of Fish and Game  
1700 "K" Street, Suite 250  
Sacramento, California 95811

Dear Mr. Edinger:

I am the \_\_\_\_\_ of \_\_\_\_\_  
(Title) (Name of Corporation)

The purpose of this letter is to support the corporation's use of self-insurance as a means for demonstrating financial responsibility in the amount and manner stated by the enclosed schedule pursuant to Title 14, California Code of Regulations, Section 795 (b). Moreover, the corporation is the owner or operator of the marine facility or facilities described in the applicable application(s) for Certificate(s) of financial responsibility submitted to the Department of Fish and Game's Office of Spill Prevention and Response by or on behalf of the corporation or its subsidiary or subsidiaries.

The corporation agrees to notify the Administrator for Spill Response by certified mail within five business days if, at any time, the corporation fails to meet the self-insurance test criteria.